

City of Long Beach

HEALTH INSURANCE PROGRAM

CITY COUNCIL
BUDGET WORKSHOP
May 4, 2004

AGENDA

- Existing Health Plans
- Current Status/Challenges
- Financial Impact
- Health Insurance Advisory Committee
- Future Action

Existing Health Plans

- **Great West Plans**

- Self-insured indemnity plans
- City hires Third Party Administrator (Great West) to pay claims and administer the program
- Greater flexibility in benefit design and more control over costs
- 89% of employees enrolled in self-insured plans

- **PacifiCare HMO Plan**

- Employee selects medical group & primary care physician
- City pays premium to provider
- 11% of employees enrolled in HMO plan

Current Status/Challenges

- City has managed programs carefully
- Fortunate to provide excellent benefits at little or no cost to employees
- Now face the same challenges as other employers
 - Supermarkets, school districts, CALPERS
- Major plan cost drivers:
 - Increased utilization of expensive technology
 - Hospital costs
 - Prescription drug costs

Financial Impact

- Five-Year History of Plan Costs (most popular plan combinations)
 - 2004 = \$778
 - 2003 = \$645
 - 2002 = \$531
 - 2001 = \$526
 - 2000 = \$499

Health Insurance Advisory Committee (HIAC)

- City partners with the Health Insurance Advisory Committee to receive input on employee benefits
- Committee comprises one member from each employee organization
- Meets annually to review status of plans and discuss problems and suggestions from employees
- Reviews plan costs and proposed changes
- Makes recommendations to City Manager

Future Action

- **Begin meetings with HIAC**
 - Consider other plan options and designs
 - Work diligently to provide cost effective/affordable plans for employees
- **HMO Plan Out to Bid**
 - Ensure we are cost-competitive
 - Proposals are being evaluated
 - Selections will be made in next few weeks

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